



# Arizona Department of Transportation

## Engineering Consultants Section

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March 15, 2001

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### INFORMATION BULLETIN NO. 01-03

TO: ADOT Staff  
Consultants

FROM: Engineering Consultants Section 

SUBJECT: NEW CONTRACT LANGUAGE – "Prompt Pay"

Please be advised that all our contract boilerplates will be revised to include the attached new "Prompt Pay" contract language.

All new contracts advertised after March 15, 2001 must contain the new "prompt pay" contract language. In addition, this language will be required on any of the subsequent subconsultant contracts.

Existing contracts and pending contracts (advertised prior to March 15, 2001) will not be amended to include this new contract language.

If you should have any questions regarding this bulletin or the contract language, please call Cathy Hegel, Engineering Consultants Section at (602) 712-7525

Attachment

## **(New Contract Clause)**

### **4.01 CONSULTANT AND SUBCONSULTANT PAYMENT**

1. Progress payments may be made by the STATE to the CONSULTANT on the basis of an invoice for the work performed during a preceding period of time. The progress payments shall be paid on or before twenty one days after the invoice is initially received by the STATE. The estimate of the work shall be deemed received by the STATE on submission to the person designated by the STATE for the submission, review or approval of the estimate of the work. An invoice of the work submitted under this section shall be deemed approved after seven days from the date received by the STATE, unless before that time, the STATE prepares and issues a specific finding detailing those items in the invoice of the work that are not approved and certified under the CONTRACT.
2. The CONSULTANT shall pay to the CONSULTANT'S Subconsultant and each Subconsultant shall pay to the Subconsultant's Subconsultant within seven days of receipt of each progress payment, unless otherwise agreed in writing by the parties, the respective amounts allowed the CONSULTANT or Subconsultant on account of the work performed by the CONSULTANT'S Subconsultants to the extent of each Subconsultant's interest in the amount. These payments to Subconsultants shall be based on payments received pursuant to this section. Any diversion by the CONSULTANT or Subconsultant of payment received for work performed on a CONTRACT or failure to reasonably account for the application or use of the payments constitutes grounds for disciplinary action by the STATE. A Subconsultant shall notify the STATE in writing of any payment less than the amount of percentage approved for the work as set forth in this section.
3. A Subconsultant may notify the STATE in writing requesting that the Subconsultant be notified by the STATE in writing within five days after payment of each progress payment made to the CONSULTANT. The Subconsultant's request under this paragraph remains in effect for the duration of the Subconsultant's work on the project.
4. If any periodic or final payment to a Subconsultant is delayed by more than seven days after receipt of the periodic or final payment by the CONSULTANT or Subconsultant, the CONSULTANT or Subconsultant shall pay the Subconsultant interest, beginning on the eighth day, at the rate of one per cent per month or a fraction of a month on the unpaid balance.

A contract for consultant services shall not materially alter the rights of any CONSULTANT or Subconsultant to receive prompt and timely payment as provided under this section.